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MEMORANDUM FOR THE RECORD

1 October 1958

FROM: [REDACTED] S/TL

SUBJECT: Supplementary Data on Soviet Bloc Efforts to Procure Lithium

REFERENCE: Memorandum for the Record, from Chief, S/TL, "Soviet Bloc Efforts to Procure Lithium," 16 April 1958, S.

1. Summary

Following the receipt of information summarized in the referenced memorandum, to the effect that the Bloc was trying to obtain large amounts of lithium from the Free World, additional data were sought by the Department of State. 1/ Information received to date confirms that export permits were sought from Rhodesia in April for the shipment of large amounts of lithium to Poland. These permits were not issued. A representative of the USSR made inquiries for lithium in London in late May, but another spokesman for the USSR, in early June, denied having any interest in acquiring lithium from the firm previously approached. In recent months both inquiries for export licenses and actual shipments of lithium from the Free World to the Bloc have been small and available data reveal no clandestine movements of lithium. Various situations which suggest the possibility of clandestine shipment, such as the practice of stockpiling Rhodesian ores at the Mozambique port at Beira, are continuing under State Department surveillance. 2/

2. Inquiry in Rhodesia

It has been confirmed by the Federal Government of Southern Rhodesia that Mr. George H. Nolan and his associate, Mr. Koup of the Castle Mineral and Exploration Company of Johannesburg, requested permission to export to Poland

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- 1/ Outgoing telegram No. CA-9606, 2 May 1958, S., sent to: Berlin, Bonn, Brussels, Buenos Aires, Canberra, The Hague, Johannesburg, Kampala, Leopoldville, Lisbon, London, Lourenco Marques, Madrid, Melbourne, Oslo, Ottawa, Paramaribo, Paris, USSR/ST, Paris, Rio de Janeiro, Rome, Salisbury, Stockholm, Pretoria.
- 2/ Outgoing airmail No. B-406 from the Secretary of State to: Ambassador Brussels G-23, Ambassador The Hague G-20, Ambassador Pretoria G-7, Ambassador Antwerp G-2, Ambassador Marseille G-1, Ambassador Rotterdam G-4, 7 August 1958, S.

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lithium ore at the rate of 10,000 tons a month. The request was denied. 3/
Had it been approved it would account virtually for the whole output of
lithium ore in Rhodesia 4/ and possibly would have been sufficient to more
than meet all needs of the entire Sino-Soviet Bloc. 5/

3. Inquiry in London

Late in May of this year a member of the USSR trade delegation in London asked a member of the London Metal Exchange if he could supply lithium to the USSR. Since the reply was in the negative, there was no more discussion of the matter at that time. 6/ A few weeks later, the same member of the London Metal Exchange, while engaged in an informal conversation, was told by the president of Ramcoimport of Moscow that the USSR was no longer interested in purchasing lithium from the company previously contacted because of having developed alternative sources of supply. 7/ It has not been ascertained whether this remark referred to development of Soviet Bloc indigenous resources or to successful negotiations with other Free World contacts. 8/

4. COCOM Transactions

The Bloc has sought only small quantities of lithium from COCOM countries:

The Advisory Committee on Export Policy to the Secretary of Commerce has just authorized US licensing for shipment to Poland of:

5,512 pounds lithium hydroxide, monohydrate;
8,225 pounds lithium chloride, anhydrous;
22 pounds lithium carbonate. 9/

1/ Incoming telegram from Salisbury, No. 147, 25 April 1958, C.

Foreign Service Despatch from Salisbury, Southern Rhodesia, No. 457, 25 April 1958, C.

2/ Incoming telegram from Salisbury, No. 205, 30 May 1958, S.

3/ Based on trade estimates of US uses of lithium-containing products for all purposes as reported in US Department of Interior, Preprint from Bureau of Mines Minerals Yearbook, 1956, "Lithium" by Albert E. Schreck and Annie L. Mattila, U.

4/ Incoming telegram from London, No. 6778, 22 May 1958, S.

5/ Foreign Service Despatch from Embassy, London, No. 3896, 3 June 1958, S.

6/ ACP Program Determination No. 1404, "Export License Application to Poland (OC Document No. 1465)," 15 September 1958, C.

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In September, the United Kingdom asked for COCOM approval of a shipment of 125 grams of lithium nitrate to Poland for use in laboratory research, 9/ and in March they had asked for COCOM sanction of shipment to Poland of 3 kilograms of lithium fluoride and 5 grams of lithium carbonate for similar use. 10/

Since 1 January 1957, the United Kingdom has reported denying 26 applications to ship lithium metal and lithium compounds as follows: 11/

<u>Destination</u>	<u>Lithium Metal</u> (in Kilograms)	<u>Lithium Compounds</u> (in Kilograms)
China	-	127
USSR	-	16
Poland	1.1	5
Hungary	-	1
Czechoslovakia	0.2	-

Official trade statistics for France show exports to Russia during 1957 of 300 kilograms of material classified as lithium oxides and hydroxides. 12/

9/ USRO Paris No. POLTO G-192, 4 September 1958, C, or COCOM Document 3222, "Co-ordinating Committee, Export of Lithium Nitrate to Poland, Memorandum by the United Kingdom Delegation," 3 September 1958, C. In an outgoing telegram to Ambassador, Paris, TOPUL 813, 11 September 1958, C., the USRDL at COCOM was authorized to make no objection to this proposed shipment.

10/ Incoming telegram from Paris, No. POLTO 3078, 31 March 1958, C., or COCOM Document No. 2997, "Co-ordinating Committee, Exports of Laboratory Chemicals to Poland, Memorandum by the United Kingdom Delegation," 29 March 1958, C. The USRDL notified COCOM that the US had no objection to this shipment at its 22 April meeting (COCOM Document No. 3060, "Co-ordinating Committee Record of Statement by the United States Delegation on United Kingdom Proposal to Export Laboratory Chemicals to Poland, 22 April 1958," 29 April 1958, C.).

11/ Foreign Service Despatch from Ambassador, London, No. 382h, 23 May 1958, S.

12/ Foreign Service Despatch from Ambassador Paris, No. 31, 7 July 1958, S. (Information here quoted, U.)

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5. Clandestine Trade

Certain situations which might make clandestine movement of lithium possible are still under surveillance by US officials. For example, a large part of Rhodesian lithium ore is shipped to the seaport of Beira in S. E. Mozambique and stored there until it is loaded for shipment. Rhodesia has reported that it does not permit the ore to move to Beira until it has been covered by appropriate documents including an import certificate from the country of destination and an export certificate from Rhodesia. 13/

While the material stays at Beira the Rhodesian government cannot keep physical surveillance over it, 14/ and the government of Mozambique considers it to be under the jurisdiction of Rhodesia in so far as export permits are concerned. 15/ However, all reports indicate that the Rhodesian and Mozambique authorities involved in export surveillance, either in Beira or elsewhere, are especially alert to problems of diversion of lithium 15/, and the government of Rhodesia has specifically stated that no sales of lithium ore have been made in 1957 or 1958 to any company which is not known to be completely reliable. 16/

A comparison of the production of lithium ores in Rhodesia with reported exports for the past four years shows a large apparent increase in stocks. Even if the 36,000 tons of Rhodesian ores stocked at Beira on 1 May 1958 are assumed to be in excess of similar stocks on hand at the beginning of 1954 and not to include any of the 1958 Rhodesian production, this apparent increase in Rhodesian stocks of lithium ore would be about 140,000 tons. 17/ However, Mr. Benton, of the US Bureau of Mines, who has recently visited the lithium-mining areas of Rhodesia, does not consider this an unlikely situation. He says that the ore is so plentiful and can be mined so easily that there appears to be a tendency to go on mining it whether or not a market is definitely available.

13/ Incoming telegram from Salisbury, No. 170, 29 April 1958, C.

14/ Incoming telegram from Salisbury, No. 167, 25 April 1958, C.

Foreign Service Despatch from Salisbury, Southern Rhodesia, No. 457, 25 April 1958, C.

15/ Incoming telegram from Lourenco Marques, No. 56, 15 May 1958, C.

16/ Foreign Service Despatch from Embassy, London, No. 4101, 25 June 1958, S.

17/ Production of lithium ore was reported for 1954-1956 in the US Department of Interior, Preprint from the Bureau of Mines Minerals Year Book 1957, "Lithium," by Albert E. Schreck, U. Production and Exports for 1957 were reported in an incoming telegram from Salisbury

17/ Con't

No. 205, 30 May 1958, S. Exports for 1954-1956 were provided from unpublished files of the US Department of Interior. A Foreign Service Despatch from the Ambassador, Lourenco Marques, No. 216, 30 June 1958, C., reported a 1 May 1958 stockpile of 36,223 tons of Rhodesian lithium ore at Beira. Thus, the apparent increase in Rhodesian stocks of lithium ore during 1954 through 1957 may be computed, in thousands of tons of ore, as follows:

<u>Year</u>	<u>Production</u>	<u>Domestic Consumption</u>	<u>Exports</u>	<u>Stocks at Beira</u>	<u>Difference</u>
1954	54	negligible	28		26
1955	82	negligible	26		56
1956	103	negligible	78		25
1957	109	negligible	38		71
1958 May 1				36	
Total	348	negligible	170	36	142